

Message Text

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PAGE 01 PEKING 02887 130949Z
ACTION EA-12

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FM USLO PEKING
TO SECSTATE WASHDC 2014
INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 2887

E.O. 11652: GDS
TAGS: EEWT CH HK US
SUBJECT: RELATIONS BETWEEN PRC AND U.S. FIRMS IN HONG KONG

1. NCUSCT HONG KONG REPRESENTATIVE JOHN KAMM TOLD USLO ON SEPT 10 THAT JUST BEFORE LEAVING HONG KONG FOR PEKING ON SEPT 9 HE RECEIVED A PHONE CALL FROM CHANG CHIEH, MANAGING DIRECTOR OF CHINA PRODUCTS CO. AND DEPUTY GENERAL MANAGER OF CHINA RESOURCES COMPANY, (CRC) WHO INFORMED HIM OF "NEW INSTRUCTIONS FROM PEKING" CONCERNING RELATIONS BETWEEN PRC-CONTROLLED FIRMS IN HONG KONG AND U.S. FIRMS. CHANG SAID THAT "IN THE LAST TWO WEEKS" PEKING AUTHORITIES HAD DECIDED THAT PRC-CONTROLLED HONG KONG FIRMS SHOULD DEAL DIRECTLY WITH U.S. FIRMS JUST AS THEY DEAL WITH THIRD COUNTRY FIRMS. HENCEFORTH, PRC-CONTROLLED FIRMS WILL NOT HAVE TO SEEK PEKING'S PERMISSION BEFORE DEALING WITH U.S. FIRMS.

2. SPEAKING OF HIS MANY CONVERSATIONS WITH CHINA RESOURCES OFFICIALS REGARDING COOPERATION WITH FOREIGN FIRMS IN HONG KONG AND IN CHINA, KAMM SAID THAT HE HAD PERCEIVED OVER TIME A VERY CLEAR SHIFT (WHICH MAY HAVE BEEN A CLARIFICATION OF POLICY) AWAY FROM THE SUGGESTION THAT FOREIGN CAPITAL WILL BE ALLOWED INTO CHINA IN THE FORM OF JOINT STOCK COMPANIES. KAMM SAID JOINT STOCK VENTURES HAD BEEN MENTIONED AS POSSIBILITIES IN OPENING DISCUSSIONS HE HELD WITH CRC IN MAY. HOWEVER, LATE
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AND PARTICULARLY AFTER OFFICIALS WERE INFORMED OF THE DECISIONS OF THE JULY NATIONAL CONFERENCE ON FINANCE AND TRADE, THEY INFORMED HIM THAT FOREIGN DIRECT CAPITAL INVESTMENT IN CHINA IS COMPLETELY IMPERMISSIBLE.
WOODCOCK

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Message Attributes

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